



BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

MAR 22 2007

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF
TRICO ELECTRIC COOPERATIVE, INC. FOR
APPROVAL OF AN EXTENSION OF ITS
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO AREAS OF PINAL COUNTY,
ARIZONA.

DOCKET NO. E-01461A-04-0393

DECISION NO. 69382

OPINION AND ORDER

DATE OF HEARING:

January 10, 2007

PLACE OF HEARING:

Tucson, Arizona

ADMINISTRATIVE LAW JUDGE:

Jane L. Rodda

APPEARANCES:

Mr. Russell E. Jones, Waterfall
Economedis Caldwell Hanshaw &
Villamana, on behalf of Trico electric
Cooperative, Inc.; and

Mr. Kevin Torrey, Staff Attorney, Legal
Division, on behalf of the Utilities
Division of the Arizona Corporation
Commission.

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the
Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On July 1, 2004, Trico Electric Cooperative, Inc. ("Trico" or "Cooperative") filed an
Application with the Commission for an Extension of its Certificate of Convenience and Necessity
("CCN" or "Certificate") to include an area of Pinal County located approximately 30 miles north of
Tucson, Arizona.

2. On September 14, 2004, Commission Utilities Division Staff ("Staff") notified Trico
that the application was insufficient pursuant to the requirements of the Arizona Administrative

1 Code.

2 3. Trico filed responses to the Insufficiency Letter on May 26, 2004 and July 12, 2006.

3 4. On August 4, 2006, Staff filed a Second Insufficiency Letter.

4 5. On September 18, 2006, Trico filed additional information in response to the Second
5 Insufficiency Letter.

6 6. On October 16, 2006, Staff docketed a letter that notified Trico that the application
7 had met the sufficiency requirements of the Arizona Administrative Code.

8 7. By Procedural Order dated October 24, 2006, the matter was set for hearing at the
9 Commission's offices in Tucson, Arizona.

10 8. On November 13, 2006, Trico filed an affidavit of publication for the public notice of
11 the hearing which was published in the *Casa Grande Dispatch*, a newspaper of general circulation
12 within the affected service area, on November 4, 2006, and an affidavit of mailing indicating the
13 notice was mailed to all property owners in the proposed extension area on November 1, 2006.

14 9. On December 20, 2006, Staff filed its Staff Report in this matter, recommending
15 approval in part of the application. Staff recommends limiting the extension to serve the Willow
16 Springs Ranch development, and that the extension area not include the area for which there are no
17 current requests for service.

18 10. On January 3, 2007, Trico filed Objections to the Staff Report, arguing that the
19 extension should include the state land located between the southern boundary of the Willow Springs
20 Ranch development and Trico's existing CC&N boundary.

21 11. On January 10, 2007, the hearing convened as scheduled before a duly authorized
22 Administrative Law Judge at the Commission's offices in Tucson, Arizona.

23 12. On January 22, 2007, Staff filed Supplemental Information clarifying the legal
24 description of the extension area for which Staff is recommending approval.

25 13. Trico is a non-profit, member-owned electric distribution cooperative, receiving all of
26 its power supply from Arizona Electric Power Cooperative ("AEPSCO"). Trico provides electric
27 power to approximately 36,340 active services over approximately 3,333 miles of energized lines,
28 including 31 miles of transmission lines, 1,580 miles of overhead distribution lines and 1,752 miles

1 of underground distribution cables.

2 14. Trico has received a request to provide electric service from ANAM, Inc., the owner
3 of property known as Willow Springs Ranch, and doing business as Willow Springs Ranch South
4 Village ("South Village"). Willow Springs Properties, LLC, whose members are ANAM, Inc. and
5 Lennar Corporation, a homebuilder, are the developers of the South Village. South Village consists
6 of 4,600 acres of deeded land, as set forth in Exhibit A attached hereto. The master planned
7 development of South Village is projected to ultimately contain 6,000 residential units and
8 commercial loads. The developers hope to start making improvements to the site, commencing with
9 an access road, starting in three to six months from the date of the hearing, and expect to obtain all
10 final approvals in time to start actual home construction by the end of 2008.

11 15. In addition to the property of South Village, Trico's application sought to include
12 state-owned land that is located south of the South Village, between that development and Trico's
13 current certificated area.

14 16. Trico's retail load peaked at approximately 147 MW in 2006. According to Trico's
15 2005 Long-Range Load Forecast, Trico's peak load is projected to grow from 167 MW in 2007 to
16 867 MW in 2024, which is an average increase of 4.1 percent per year.

17 17. The developer of the South Village expects that residential units will be built in
18 phases, the first phase expected to be completed in 2008, with an approximate 4 MW load. At build-
19 out, the load for the South Village is expected to vary between 35 and 40 MW in 2023.

20 18. Trico plans to serve the South Village development from its proposed 69 kV
21 SaddleBrooke Ranch substation by constructing a 12 mile long 69 kV line, which would be initially
22 energized at 24.9 kV until 69 kV is needed. Trico has obtained all rights-of-way from the Arizona
23 State Land Department ("ASLD"), and the affected grazing leases.

24 19. Trico has planned with AEPCO and Southwest Transmission Cooperative, Inc, its
25 transmission provider, to serve the South Village. Trico will have access to sufficient power and
26 transmission capacity to serve the South Village.

27 20. Trico filed a copy of its franchise from Pinal County.

28 21. On July 8, 2004, the San Carlos Irrigation Project ("SCIP") filed a request that the

1 Commission reject Trico's application on the grounds that SCIP was providing service in the vicinity
2 and SCIP's rates were lower than Trico's. On September 24, 2004, SCIP filed a conceptual plan
3 dated August 18, 2004 to serve the South Village Property. SCIP did not seek intervention, and its
4 filings have been treated as public comment.

5 22. In 2004, after the application was filed, ten SCIP customers filed letters in the docket
6 objecting to Trico's application on the grounds that they were happy with SCIP service. None of
7 these individuals requested intervention. The letters appear to be form letters. It is unclear where
8 these SCIP customers are physically located, but they do not appear to reside within the South
9 Village boundaries.

10 23. On December 7, 2006, Staff contacted Mr. Dennis Delaney, a partner with K.R. Saline
11 & Associates, the consultant for SCIP who prepared the conceptual plan to serve South Village. Mr.
12 Delaney confirmed that SCIP is capable of serving the South Village, but that the developer had
13 informed SCIP that it had selected Trico as its provider. SCIP has not taken any action to serve the
14 property. SCIP has not applied to the ASLD to obtain rights of way. The load that SCIP is currently
15 serving in the area is small. SCIP is an all-requirement customer of Salt River Project ("SRP") for
16 meeting its native load and future load projections. SCIP's current contract with SRP expires at the
17 end of 2007, and SCIP is currently in the process of renegotiating that contract.

18 24. Staff concludes that Trico is the more logical provider of electric service to South
19 Village because: (1) it has electric facilities in the area serving the nearby development of
20 SaddleBrooke Ranch and because Trico's long term transmission and generation resource needs are
21 guaranteed with Southwest Transmission Cooperative, Inc. and AEPCO, respectively, reflecting
22 reliability of service to its customers; (2) Trico has obtained the necessary franchises for the proposed
23 extension area; and (3) SCIP has not demonstrated long-term planned resources to meet the future
24 needs of the South Village development.

25 25. Based on Trico's experience as an electric utility, its experience serving high growth
26 areas and its financial strength, Staff believes that Trico is a fit and proper entity to provide service to
27 the South Village.

28 26. Staff recommends approval of the application only for the South Village property, and

1 that Trico charge its approved rates and charges in the extension area until further order of the
2 Commission. Staff based its recommendation to exclude the state land on the grounds that it has not
3 received a request for service in that area and SCIP is currently providing service in the area.

4 27. Trico accepts the Staff Report except for Staff's recommendation that the state-owned
5 land located between the South Village and Trico's existing certificated area be excluded from
6 certification. Trico asserts that when it constructs its lines to serve the South Village, it will be in a
7 position to render service to the state land in question. Trico admits that there is not a current need
8 for service within the state owned portion of its request, but argues that the development of the South
9 Village will spur development in neighboring state land area. Trico notes that SCIP serves several
10 ranches in the area, but that SCIP is not under Commission jurisdiction and granting Trico a CC&N
11 for the area would not prohibit customers in the area from seeking service from either SCIP or Trico.
12 Trico suggests that it is not appropriate to certificate public service corporations in areas divided by a
13 substantial distance and that it is in the public interest to have a continuity of the certificated area.

14 28. Trico testified that it believes SCIP would need to make substantial upgrades to its
15 existing facilities to serve the South Village.

16 29. On December 16, 2006, Trico filed a copy of letter from ASLD dated December 15,
17 2006, which contained the following statement:

18 The ASLD believes that it is in the best interest of the State Trust land that
19 it be included within the service territory of an electric service provider in
20 this area. In addition, the ASLD wishes to remain neutral as to who the
electric service provider should be for this land and will leave that
decision with the ACC.

21 30. We concur with Staff's recommendation to grant Trico a CC&N to provide electric
22 service to the area known as the South Village, and described in Exhibit A, but to decline to include
23 the state owned land to the south of the South Village for which there is no current request for
24 service. It is not overly burdensome to Trico to file an application to include this area when there is a
25 demonstrated need. SCIP currently provides service alongside Trico, Tucson Electric Power
26 Company and APS in the general vicinity, and the grant of a CC&N to Trico for the South Village
27 would not affect current SCIP customers or prevent SCIP from offering service within the South
28 Village boundary.

CONCLUSIONS OF LAW

1
2 1. Trico is a public service corporation within the meaning of Article XV of the Arizona
3 Constitution and A.R.S. §§ 40-281 and 40-282.

4 2. The Commission has jurisdiction over Trico and the subject matter of the application.

5 3. Notice of the application was provided in accordance with law.

6 4. There is a public need and necessity for electric service in the proposed extension area
7 known as South Village, and described in Exhibit A. There is currently no request for service, and
8 thus no need for service, in the remainder of the requested extension area outside of the South Village
9 area.

10 5. Trico is a fit and proper entity to receive a CC&N for the South Village extension
11 area, as described in Exhibit A.

ORDER

12
13 IT IS THEREFORE ORDERED that Trico Electric Cooperative, Inc.'s request for an
14 extension of its Certificate of Convenience and Necessity to provide electric service to the South
15 Village area in Pinal County as described in Exhibit A hereto, is approved.

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1 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall charge its existing
2 rates and charges within the approved extension area.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

5
6 Laurel L. Llewellyn
CHAIRMAN

William M. McNeil
COMMISSIONER

7
8 Jeffrey R. Hatchfield
9 COMMISSIONER

Brian C. McNeil
COMMISSIONER

Gustavo Ruiz
COMMISSIONER

10 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
11 Director of the Arizona Corporation Commission, have
12 hereunto set my hand and caused the official seal of the
13 Commission to be affixed at the Capitol, in the City of Phoenix,
14 this 22nd day of March, 2007.

15 Brian C. McNeil
BRIAN C. McNEIL
EXECUTIVE DIRECTOR

16 DISSENT _____

17
18 DISSENT _____

SERVICE LIST FOR:

TRICO ELECTRIC COOPERATIVE, INC.

DOCKET NO.:

E-01461A-04-0393

Russell E. Jones
Waterfall Economidis Caldwell
Hanshaw & Villamana, PC
5210 East Williams Circle, Suite 800
Tucson, Arizona 85711
Attorneys for Trico

Marv Athey
Trico Electric Cooperative, Inc.
P.O. Box 930
Marana, Arizona 85653

Christopher Kempley, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Ernest Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

EXHIBIT A

WILLOW SPRINGS

DOCKET NO. E-01461A-04-0393

LEGAL DESCRIPTION WITHIN CC&N

TOWNSHIP 8 SOUTH, RANGE 13 EAST

The East half AND the Southeast quarter of the Northwest quarter of Section 8, Township 8 South, Range 13 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The South half of Section 9, Township 8 South, Range 13 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The East half of Section 11, Township 8 South, Range 13 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The South half of the Southwest quarter AND the Northwest quarter of the Southwest quarter AND the Southwest quarter of the Northwest quarter AND the East half of Section 12, Township 8 South, Range 13 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The North half of the North half of Section 13, Township 8 South, Range 13 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The Southwest quarter AND the South half of the Southeast quarter of Section 14, Township 8 South, Range 13 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The West half of the Southeast quarter AND the East half of the Southwest quarter of Section 15, Township 8 South, Range 13 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

All of Sections 22, 23, 25, 27 AND the North half of Section 26, Township 8 South, Range 13 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

TOWNSHIP 8 SOUTH, RANGE 14 EAST

The West half of the West half AND the East half of the West half AND the East half of Section 7, Township 8 South, Range 14 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

All of Section 8, Township 8 South, Range 14 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The North half of the Northwest quarter AND the Northeast quarter of Section 18, Township 8 South, Range 14 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The West half of Section 20, Township 8 South, Range 14 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The North half of the Northwest quarter of Section 29, Township 8 South, Range 14 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The Southeast quarter of the Northwest quarter AND the North half of the Southeast quarter AND the Northeast quarter of Section 30, Township 8 South, Range 14 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.